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C O N F I D E N T I A L SECTION 01 OF 03 BEIJING 016513

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SUBJECT: CODEL STEVENS AND NPC CHAIRMAN WU BANGGUO DISCUSS
U.S.-CHINA BILATERAL ISSUES

Classified By: Deputy Chief of Mission David S. Sedney. Reasons 1.4 (b)
/d)

Summary

¶1. (C) CODEL Stevens, accompanied by the Ambassador, met with National People's Congress (NPC) Chairman Wu Bangguo on August 11 in Beijing to discuss key U.S.-China bilateral issues following the third annual U.S.-China Inter-Parliamentary Group (IPG) dialogue in Guilin. Senators raised concerns about port security, rule of law, energy policy, science and technology investment, and counterterrorism. Wu noted the CODEL's contribution to increasing U.S.-China cooperation on issues including Taiwan, energy security and avian flu and said he hoped U.S. mid-term elections would not disrupt the positive trends in the bilateral relationship. Senator Stevens urged Chinese leaders to act with restraint on the Taiwan issue, especially as the Beijing Olympics approach. End Summary.

Senators Raise Terrorism, Rule of Law, Health

¶2. (SBU) Senator Stevens started by expressing appreciation for the frank and open dialogue with NPC Vice-Chairman Sheng Huaren and other Chinese counterparts in Guilin. He noted that he had attended a press conference where he was asked why the CODEL was speaking to Chinese leaders with a "different political ideology." Answering, Senator Stevens said he explained to the journalist that the Chinese are friends and expressed confidence that exchange of views provides a pathway to continued friendship as well as better and more peaceful relations.

¶3. (SBU) Following Senator Stevens' opening remarks, Senator Cochran cited U.S. experiences with Hurricane Katrina and expressed sympathy for those suffering the effects of Typhoon Prapiroon. Senator Specter discussed the importance of rule of law and described the impetus for Temple University's Beijing-based rule of law program, which came about after a 1999 incident in which a Chinese-American librarian was detained in China without charges or a hearing. While acknowledging differences between U.S. and Chinese society, Senator Specter emphasized the Temple program's usefulness in training Chinese judges, lawyers, and legal academics, thereby helping China to incorporate rule of law values into its system.

¶4. (SBU) Senator Murray cited the strong U.S.-China trade relationship, including important ties between her home state of Washington and China and urged continued dialogue and increased cooperation in the area of port security. Senator Dayton offered congratulations on the success of China's economic policies, citing its high GDP growth rate and relatively comparable growth rates throughout many of China's provinces and regions.

¶5. (SBU) Senator Alexander asked Chairman Wu to comment on China's planned investment in education, science and technology, noting that such investment is a topic of discussion in both China and the United States. Chairman Wu said China wants to invest 4 percent of GDP in these areas. Despite rapid economic and steep increases in the numbers of students attending university (from 200,000 to 15,000,000 in 20 years), the percentage of growth attributable to science and technology is low and China relies heavily on foreign technology. China must boost education and technology investment to enhance the "quality of the economy," improve energy efficiency, and find better "modes of development." Through increased investment, China hopes to build an "innovative society" within the 10-15 year timeframe, Wu remarked.

¶6. (C) Senator Coleman noted that, given their dependence on fossil fuels as well as the growing inter-dependence of the U.S. and Chinese economies, both countries would suffer disastrous consequences if terrorists were able to attack and disrupt oil supply chains. Since terrorism threatens both the United

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States and China, Senator Coleman expressed hope that the two countries can cooperate to prevent money from flowing to Iran and other countries with "destabilizing" influence. Senator Burr emphasized the benefits of cooperating to fight common threats such as terrorism.

¶7. (SBU) Senator Burr also thanked Chinese leaders for sharing information with the U.S. Centers for Disease Control (CDC). Noting the possible devastating impact of an avian flu outbreak on the world, he stressed that more must be done to share information about cases, disease migration patterns, and the epidemiological situation on the ground.

Chairman Wu Emphasizes U.S.-China Shared Interests

¶8. (C) Chairman Wu emphasized the value China places on its relationship with the United States. Both countries, he said, share an increasing unity of interests and now cooperate constructively on a broad range of issues. President Bush's recent meetings with President Hu in Washington, D.C. strengthened the basis for "stable and healthy" cooperation between the two nations, as is apparent in discussions concerning Iran, North Korea, and the Middle East.

¶9. (C) Chairman Wu praised the open lines of communication between the United States and China in dealing with the Korean Peninsula nuclear issue, though he conceded difficulties. Chairman Wu affirmed China's desire to maintain the Six-Party Talks and for denuclearization of the Korean Peninsula, but he also said China wants more flexibility from the United States in dealing with North Korea.

¶10. (C) Turning to Iran, Chairman Wu said China wants Iran to adhere to the Nuclear Non-Proliferation Treaty and seeks peaceful resolution of the Iranian nuclear

issue. Chairman Wu said President Hu Jintao worked personally on this with Iran's President Ahmadinejad at the June 2006 Shanghai Cooperation Organization summit. China hopes Iran will respond favorably to the pending six-nation proposal on its nuclear energy program. Regarding Lebanon, Chairman Wu said China had no particular disagreement with the U.S.-France proposal for ending the conflict in Lebanon, but he urged the United States to "listen more to the views" of Arab countries including Lebanon.

¶11. (C) Chairman Wu affirmed that common interests between the United States and China outweigh differences, but conceded that some problems exist. Chairman Wu urged a "strategic, long term" view that does not allow "minor issues" to hobble the larger relationship. Both sides, he said, should bear in mind broader common interests but also allow for differences. Chairman Wu segued to comments on Taiwan noting that, despite "some relaxation," opposing Taiwan independence remains China's "major task."

Trade Imbalance, High-Tech, and Taiwan

¶12. (SBU) Chairman Wu closed by emphasizing China's shared interest with the United States in a stable world economy. Despite rapid growth, China faces many problems, including low per capita income and uneven income distribution. These problems can only be resolved through continued economic development within a stable and peaceful world economy. Chairman Wu says the U.S.-China trade imbalance is gradually improving and expressed hope that this issue will not become politicized in the United States during upcoming mid-term elections. He acknowledged that this issue will not be resolved simply through China's purchase of U.S.-built aircraft. He also urged the U.S. to relax controls on the export of high-technology products.

¶13. (C) Senator Stevens concluded by noting, on the high-technology export issue, that China's rapid development will soon place it in a position where it wishes to control its own high-technology exports. Further discussion on this topic can take place in 2007 when the IPG dialogue resumes. Stevens warned

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that China's extreme sensitivity vis-a-vis Taiwan, left unchecked, could jeopardize the 2008 Beijing Olympics. Cross-Strait tensions, he said, could affect the Beijing Olympics. Senator Stevens urged Chinese leaders to act with restraint. Finally, Senator Stevens indicated he would like to visit the Chinese Academy of Sciences Institute of Plasma Physics facility in Hefei, Anhui Province, where nuclear fusion research is underway. He said the United States and China should share the costs of developing nuclear fusion as a viable energy source.

PARTICIPANTS

¶14. (U) U.S. Participants:
Senator Ted Stevens
Ambassador Clark T. Randt, Jr.
Senator Patty Murray
Senator Thad Cochran
Senator Arlen Specter
Senator Dayton
Senator Lamar Alexander
Senator Norm Coleman
Senator Richard Burr
George Lowe
Jennifer Mies Lowe
Embassy notetaker

Interpreter

Chinese Participants:

NPC Chairman Wu Bangguo

NPC Vice Chairman Sheng Huaren

NPC Foreign Affairs Committee Chairman Jiang Enzhu

Vice Foreign Minister Yang Jiechi

NPC Law Committee Vice Chairman Hu Kangsheng

NPC Foreign Affairs Committee Vice Chairman Lu Congmin

NPC Deputy Secretary General Wang Wanbing

NPC Finance Committee Vice Chairman Hu Zhengqing

NPC Deputy Secretary General Sun Wei

NPC Foreign Affairs Office Director Zhu Xueqing

NPC Foreign Affairs Committee Director Peng Fang

MFA North American Affairs Director General Liu Jieyi

Chinese Embassy in Washington Counselor Chen Guomin

Notetakers

Interpreter

¶15. (U) This cable was cleared by CODEL Stevens.

RANDT